

00660

1984/03/30

DEPARTMENT OF STATE

IM/IPS/CR/IR 23 Date: 6/14/97

☒ RELEASE☐ DECLASSIFY☐ EXCISE☐ DECLASSIFY

EO Citations

☐ DENY

IN PART

Draft: 3/30/84

FOIA Exemptions

TS authority to

PA Exemptions

☐ CLASSIFY as ☐ S or ☐ C Sec.☐ DOWNGRADE TS to ☐ S or ☐ CE2
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DRAFT SPEECH FOR PRESIDENT REAGAN

GREAT HALL OF THE PEOPLE

Beijing, April 27, 1984

It is a pleasure to be here. In the short time that I have been in your country, I have come to know first hand why Chinese hospitality is renowned world-wide. On behalf of more than 230 million Americans, I thank you for the warmth of your welcome.

Even a first-time visitor can feel the efforts your country is making today. The vitality of your people is a tribute to man's hope for a better tomorrow. There is a rumbling here that marks a country making progress -- progress my nation welcomes.

Two hundred years ago, as the first American trading ship entered Chinese waters, my country was unknown to you. We were a new republic, eager to win a place in international commerce. A young -- and slightly homesick -- American sailor recorded that first day in a letter home.

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"My dear Father," he wrote, "If ever you receive this letter, it will acquaint you, that after a passage of 6 Months and 7 days, we came to Anchor at Wampoo.... The Chinese had never heard of us, but we introduced ourselves as a new Nation, gave them our history with a description of our Country, the importance and necessity of a trade here to the advantage of both, which they appear perfectly to understand and wish."

The way today is not so slow, and our nation not so new, but we come with the same good wishes and the same hopes to bring advantage to us both. Today, as then, a scent of promise and opportunity is in the air. Once again we are building new friendships. But this time, we are also renewing old ones.

Our peoples have had a long history of close and beneficial ties. In the nineteenth century, Chinese settlers helped to tame our continent, while Americans helped your peoples' struggle for a better life. Both our nations profited from a vital exchange of people, goods, and ideas.

In years that followed, we took different paths; but the ties that bind our peoples remain. We both value education and art. We both believe in the strength of family and friendship. We both respect hard work and frugality. We both want a healthy and prosperous life for our loved ones.

Even in the 1950's, Premier Zhou spoke of the "traditional friendship" between the Chinese and American people. I would say it is a natural friendship, as well.

America and Development

The concerns that our peoples share are shared around the globe. As they have broken through barriers between us, they have broken through barriers between many cultures. They fuel man's common aspirations, and the common search for a more prosperous future. They are the foundation of the three great goals that mark the birth of the modern era: independence, freedom, and development.

America has stood at the forefront of both great efforts. Ours was the first great revolution against colonial rule. Ours was the first great declaration of independence, and the first call for the right of all people to determine their own future free from the threat of outside interference. And ours was the first great Constitution to guarantee the people their individual rights. We raise these calls still.

America also stands at the forefront of economic development. In the years following World War II, Americans spent millions to help restore nations exhausted by war. We worked for the recovery not just of our former allies, but of our former enemies as well. The prosperity of West Germany and Japan today is a tribute to the skills of their peoples; but it is also an accomplishment in which Americans played a part, and in which Americans take great pride.

We have been no less dedicated in the search for ways to help the less developed nations of today. Let me state the record simply: America has contributed more than any other nation to the cause of development. There is no close second.

Whether the measure be aid, trade, investment, or participation in multilateral efforts, the United States leads the way. Our development assistance programs, for example, exceed by wide margins the programs of other nations. Each year we provide more food assistance to developing nations than all other nations combined.

Trade plays an even greater part in development. In recent years developing countries' earnings from exports to the U.S. have greatly exceeded the aid received from all other countries combined, and this is not just because our economy is larger than others. The United States buys roughly half of all the

manufactured goods that non-OPEC developing countries export to industrialized countries, even though our market is only one-third of the size of the total industrialized world. We have such a large share, in part, because our barriers to trade are among the lowest in the world.

Much the same record of cooperation with developing nations is found in our investment policies, our capital markets and our contributions to multinational banks. Americans favor the development of all peoples, because the development of all peoples favors America. And we are doing something about it.

Our efforts to further development are important. But outside assistance alone cannot bring prosperity. Prosperity must be built from within. Our greatest single contribution is not in what we provide, but in sharing our experience about how a people can provide for themselves.

In 1870 there were only 40 million Americans, over three quarters of whom, as in China today, lived in rural areas. We were still primarily an agricultural society running a trade deficit to import manufactured goods from abroad. Within 25 years, America had become the leading industrial nation of the world. Within another 25 years, America's GNP had grown more than fivefold. Manufacturing had outpaced agriculture by 3 to 1, and agricultural production itself had roughly tripled. At

the outbreak of World War I, our manufacturing output exceeded that of France, Great Britain and Germany combined.

The keys to this remarkable growth are found in large part in a generous land and skilled, hard-working people. But two other elements were needed, as well. First, we needed domestic policies that encouraged initiative. Second, we needed to broaden our contacts with the rest of the world, both to market our own products and to import much of the technology essential to our growing transportation system and industrial strength.

China's Economic Growth

In the midst of our industrial revolution, President Ulysses S. Grant--whose birthday we celebrate today--travelled to China. President Grant saw the great potential of China and her people.

"I see dawning" Grant wrote, "the beginning of a change. When it does come China will rapidly become a powerful and rich nation. Her territory is vast and is full of resources, agricultural, mineral; iron, coal, copper, silver, and gold, besides nearly every other metal, abound as they do with us. The population is industrious, frugal, intelligent, and quick to learn. They are natural artisans and tradesmen."

To the abundance of her land and the skills of her people, China has begun to add the policies that can bring prosperity. You have introduced policies to increase personal incentives, improve systems for distributing goods, and encourage production to meet the needs of your people. At the same time, you are opening your economy to the world. You are identifying important trade and investment opportunities, and you have sought to import the technology that can spur your growth.

The world has taken note of a new economic vitality here. You have improved the standard of living in the countryside and raised production in your factories. You have assumed an expanded role in international trade and investment.

As Americans, we are particularly struck by the introduction of your responsibility system in agriculture. Of all the elements that spurred our own growth, the most important was the personal drive of hundreds of thousands of Americans for a better life for themselves and their families.

China's growth is in China's hands. China, in the end, must choose its own path to development. But we are not surprised to see that increased personal incentives are beginning to stir in China today the energy and initiative so essential to our own development. Already we have heard stories of small stalls doing a lively business, and small

plots being worked for bigger harvests. The result can be prosperity and employment for many.

Two and a half millenia ago, Lao Tzu wrote:

"The more the people are forbidden to do this and that, the poorer will they be."

Americans are rediscovering that eternal truth today. I believe you are finding it true in China, as well.

The U.S. Role in China's Growth

We share and support China's goals for development. Economic growth can bring a better future for your people. This is a goal we all share. Your growth can also benefit the people of the United States and peoples everywhere. There will be economic benefits, to be sure. But, just as important, there will be closer ties between all our peoples. And this is another important step in the quest for peace and a better life for all.

In the words of a 17th Century German scholar,

"While the nations which are most highly developed and at the same time the farthest separated reach out their arms to one another, everything that lies between them is gradually brought to a higher way of life."

The United States is proud to work with China toward such a goal, as we have been proud to work with others around the globe.

If our countries work together, there is a great potential to be tapped. During his recent visit, your Premier identified areas of special concern for China's future growth. These included transportation, communications, agricultural productivity, computers and energy. These are areas in which America has great experience, experience we are eager to share.

As Premier Zhao noted, China is the world's largest developing country and the United States is the world's most developed country. There is much we can share with each other. I would identify progress in four areas as particularly promising: trade, high technology, investment, and exchanges of scientific and managerial expertise.

Bilateral trade, although still small in terms of our trade with the rest of the world, has become important to both our countries and shows great promise for the future, particularly

in areas such as machinery, technology, oil equipment, petroleum and agricultural products and a wide range of light manufactures.

Last June, I instructed our government departments to liberalize controls over the export to China of high technology products, such as computers and laboratory instruments. Such technology will help China develop its consumer electronics industry, improve research techniques, and modernize its industrial base.

Our growing record of investment in cooperative efforts opens another area of promising growth. U.S. firms have invested over \$100 million in joint ventures in China, making the US your largest foreign investor. These joint ventures cover a wide range of areas from automobiles to scientific instruments, from hotels to consumer products. Twelve U.S. firms are participating in the search for oil off the South China coast. We are discussing many other investment projects aimed at providing raw materials for Chinese industry and products for world markets.

China, for its part, has begun to play a role in the U.S. economy. Thirty-five Chinese firms have established offices or branches in the United States, and China has invested in several joint ventures in our country.

To further these trends, China has announced new laws and regulations to improve the climate for foreign investment. We welcome such efforts. In addition, we are working to conclude bilateral agreements on both tax and investment which will increase the incentives for even closer cooperation between American and Chinese firms.

Finally, I believe there is great potential in our joint efforts to increase managerial and scientific expertise. In 1979 the US and China established the Dalian program of management training for industry, science, and technology. Since then, over 750 graduates have received training in modern methods of industrial management. Today I am pleased to announce the extension of this highly successful program and the addition next year of a Senior Executive Program that will concentrate on broad economic policy and management issues. Better management means better economic performance. I would encourage firms in both our countries to exchange experience and advice for the benefit of both sides.

We also have lively exchange programs in 21 specific fields of science and technology. Under these protocols, we share the benefits of research in medicine, energy, and other technical fields. American scientists, for example, have learned a great deal more about earthquakes by working with Chinese scientists. Through such a pattern of exchanges, we will advance the technical capabilities of both our countries.

The hundreds of day to day contacts that our expanding relations entail, are building a foundation of trust and experience between our peoples. As the seasons pass, this legacy will make it ever easier for individuals from both sides to overcome obstacles to further cooperation. Like the ships which plied the seas between our two countries two hundred years ago, each contact, each venture adds new understanding. As we solve each problem, we will solve future problems more easily.

Helping our peoples to bridge the differences between our systems is among our governments' chief tasks. The Joint Economic Committee, whose fourth meeting took place in Beijing last month, and the Joint Commission on Commerce and Trade, which will meet in Washington in May, offer leaders and economic experts from both our countries an opportunity to exchange views and resolve problems. Through their efforts, we are reducing unnecessary obstacles to the expansion of economic ties.

We have also signed agreements to govern trade relations, postal relations, air traffic, trade in textiles, cultural exchanges, settlement of claims, consular relations, export trade credits, and many other areas. Most recently, during Premier Zhao's visit to the United States, our two countries, concluded an Accord on Industrial and Technical Cooperation.

This agreement will engage government experts from both sides in working to identify new trade opportunities and increase understanding in industry and commerce.

Through these joint efforts and others to come, our countries can increase trade, share new technologies, boost investment, and share technical and management skills -- steps that can help bring China ever closer to the development she seeks.

The Goal of Development

Development, when it does come, is not an end but a beginning. Development can reduce hunger, minimize disease, increase productivity and bring a hundred other improvements to people's lives. But, significant as these goals are, there are greater goals beyond. Some of these we find in the Charter to the United Nations: justice, the dignity of the individual, and an end to war. Others, such as the advancement of art and science, we find in our souls.

America has contributed so much to development around the world not simply to ease suffering, though that in itself would be a worthy end, but to free man's spirit for the loftier goals it can attain. That is the true end of all our efforts.

We can do more to advance science, the arts and our understanding of peace if men are freed to pursue these tasks. The genius of Einstein, Shakespeare, Mozart, Ghandi, Freud, Du Fu ("Dew Foo"), Twain and others forms part of man's common heritage. We must all grieve when the contributions of others are lost for want of a chance to develop their talents. Mankind has the sea floor yet to explore, and the boundaries of space. We have the mysteries of genetics to unravel, and the wonders of the human mind itself. These are the tasks that await us.

We welcome China as a partner in these tasks, to help us build a better, more exciting future for all mankind.

Much divides us; but more brings us together. The Chinese people have remembered this even in times of great disruption. And so, even in the turmoil of the late 19th Century, one of your leading scholars could write:

"I was born on this earth, so I come from the same womb as humans in all countries.... I know of them and so I love them. I have drunk deeply of the intellectual heritage of ancient India, Greece, Persia, and Rome, and of modern England, France, Germany, and America. I have pillowed my head upon them, and my soul in dreams has fathomed them.... Do

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they progress? Then we all progress with them. Do
they slide backward? Then we all slide with them."

(A phrase in Chinese to be chosen.) Let us all
progress together.

Drafted:EAP:ILibby

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Clearance:S/P:HLevin

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